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# IT Cost Containment

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# About Miro Consulting, Inc.

- The Recognized Leader in Negotiating, Restructuring and Managing Oracle and Microsoft License Software Assets
- Miro Removes the Fear and Uncertainty of How to Maintain License Compliance. We Give Clients Comfort and Confidence to Achieve It
- Doing Business in 40 States, Canada and Globally
- Miro's clients number >200 Organizations, including Energen, Cablevision, Comcast, Heinz, J.Crew, Polo Ralph Lauren, Reader's Digest, Revlon, Royal Caribbean, and Sony
- NJBIZ ([www.njbiz.com](http://www.njbiz.com)) has just Honored Miro as One of NJ's Fifty (50) Finest and Fastest Growing Companies.



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- Are You 100%  
“Bet Your  
Paycheck Sure”  
You’re Compliant  
with Oracle?



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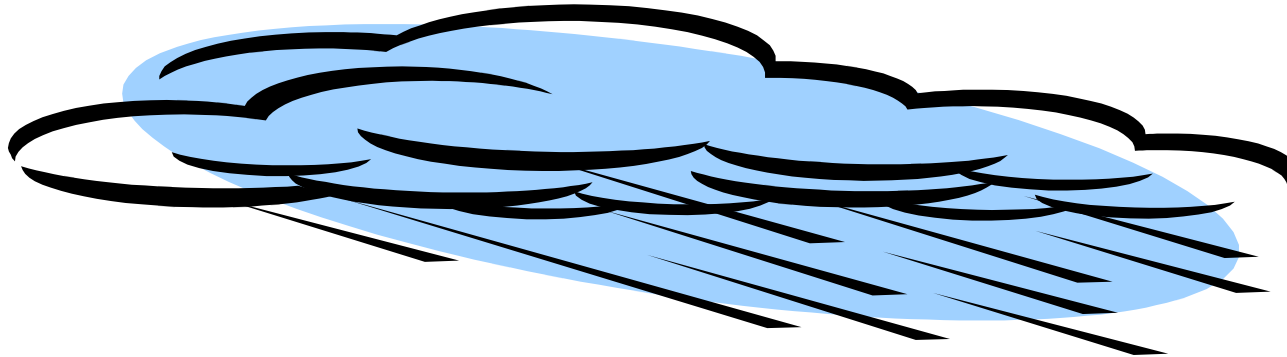
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- Are You Concerned About Obtaining the Right Price and Best Deal from your Software Vendor?



# Quick Fact



**Did You Know that Oracle Made 397 Pages of Changes to its Licensing Rules and Regulations Over the Past 12 Months?**



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# Is Achieving 'Peace of Mind' Important?



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# “You can’t manage what you don’t know.”

~ Peter Drucker



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# Compliance is the Name of the Game

- **Compliance is the Least Common Denominator**
- **Simply put: If you're compliant, you don't need to purchase more; and if you're not, you do**



# Compliance is the Name of the Game

Before starting negotiations with any software vendor, you must establish your current inventory of licenses.



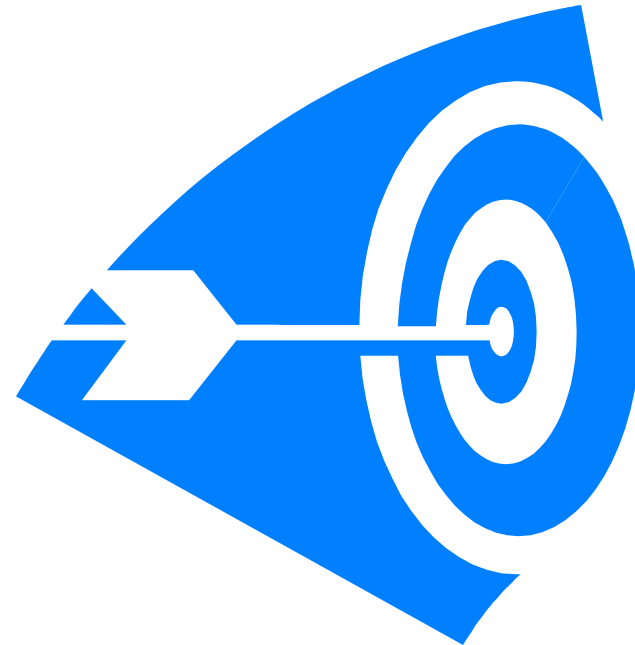
# Compliance is the Name of the Game

- 1) Gather all your contracts reflecting what you've purchased and what is supported (support and maintenance)
- 2) Know where you've deployed and installed your Oracle software
- 3) Reconcile the two.



# Truth Be Told....

- Are You Compliant?
- Would You Pass An Oracle Audit?
- Would You Bet Your Paycheck on it?



## Supposing You're Not Compliant...

- a) You'll need to understand how to best leverage what you've already got, e.g. what licenses can you migrate? Should you even migrate? Are you under-applying the licensing you already own?
- b) Understand the options available to you, e.g. how the current license metrics behave
- c) Understand how to mix and match to create the right licensing metrics with the right quantities



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# The World of Procurement Negotiations



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# Here is what **Gartner**\* is saying about Negotiating with Oracle

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- Be prepared for negotiations with Oracle and be sure to understand its current license models
- Ensure that an experienced negotiator is the first point of contact for such negotiations
- Maintain best practices for asset management and tracking Oracle licenses
- Build into the license agreement the flexibility your company needs

\* Gartner IT and Software Asset Management Summit  
September 12-14, 2005



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# Procurement Negotiations

Is Getting a Great Discount the Whole Game?



# Procurement Negotiations

- **Total Cost of Ownership Reigns Supreme Over Obtaining Just the Great Discount!**
- Total cost of ownership includes not just the price you paid, but the quantities involved and the annual support cost
- Total cost of ownership should be viewed with 3, and even 5-years' accumulated cost in mind



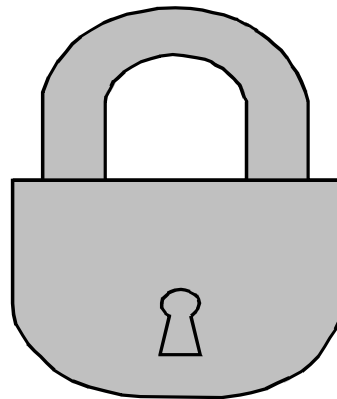
# Procurement Negotiations

- Specifics would include:
  - Which license model works best now and into the future?
  - What quantities are required now?
  - What's needs are anticipated for the future?
  - What terms and conditions must you have?
  - What will be the usage rights that define the license metrics?



# Procurement Negotiations

- Lock it down.
- Get everything -including all your “understandings”- in writing.
- Verbal understandings mean nothing. Memories are not like fine wine: they don’t improve with time



## Quick Fact

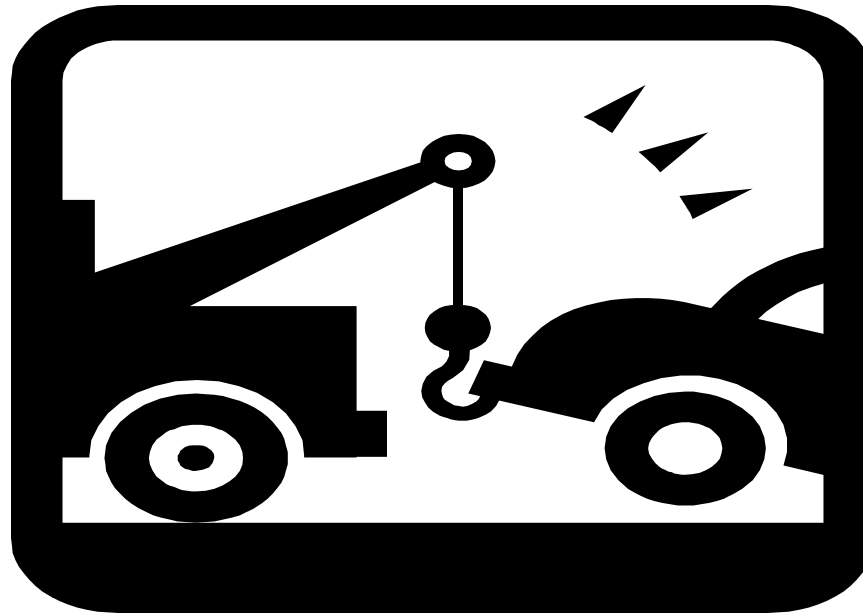
**Gartner**

*Strategic Planning Assumption:  
Through 2005, 80 percent of  
companies engaging in "all-you  
can-eat" agreements will pay at  
least 20 percent more for licenses  
and maintenance than they would  
for "pay-as-you-go" agreements.*



# So...How Did We Fall Out of Compliance Anyway?

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## Quick Fact

Gartner

*“Gartner finds that clients do not understand the compliance risks with their Oracle infrastructure software licenses.”*



# How Did We Fall Out of Compliance?

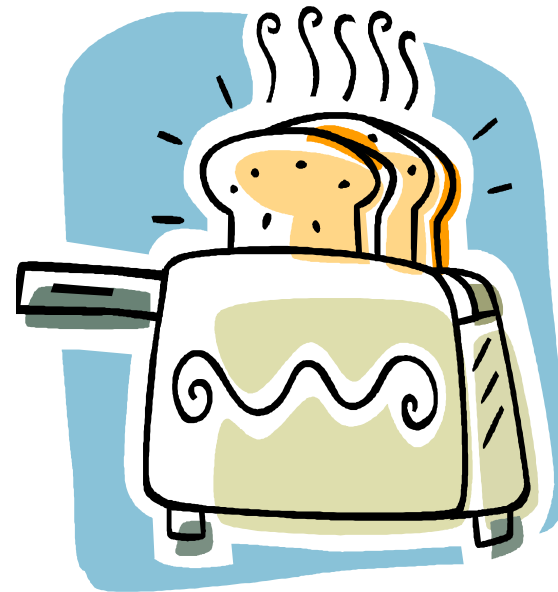
- In almost all cases, the static Oracle contract you have will not necessarily adapt to Oracle's latest licensing model.
- If you have updated your servers or consolidated architecture, your Oracle licensing could be out of compliance.
- If you have web enabled applications, your Oracle licensing could be out of compliance.



# How Did We Fall Out of Compliance?

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- Your latest purchase of Oracle could have inadvertently made you non-compliant!



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# Would Oracle Audit Me?

- Keep in mind, Oracle's software is their intellectual property; to be fair they do have the right to certify and to protect it
- Audits can be a random selection...
- Audits can result from a suspicion of noncompliance by Oracle sales...
- Audits can come from an inside whistleblower providing an anonymous tip!



# Caveats to Share: Common Traps We've Observed

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## TRAP

Feeling everything's under control just because you've done the job of periodically tracking your licensing on a spreadsheet.

## WHY?

- The great-looking spreadsheet probably doesn't reconcile your assets to the stipulations on your Oracle contract.
- The same spreadsheet doesn't account for the 397 pages of changes Oracle recently made.





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## TRAP

Telling yourself, “I have a good relationship with Oracle, and they tell me that everything is OK.”

## FACT

Much of Oracle’s sales force is continually rotated; a verbal pledge most likely won’t hold to the next sales team –or Oracle audit team. And memory is not akin to fine wine; it doesn’t age well with time.





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## THE TRAP

Thinking, “We have a ‘Strategic Relationship’ ”

## FACT

Never, ever romanticize a ‘Strategic Relationship’. The vendor will define their ‘Win’.

*It’s entirely up to you to define your ‘Win.’*



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# Take Heart: You Can't Possibly Know it All

- There's a multitude of information you need to know about your company's IT environment and about Oracle licensing practices
- Even the smartest IT departments are challenged on resources and knowledge to:
  - Strategically manage these software licensing and support assets
  - Track the vendor's continuous licensing changes



## **Case Study:** Obtaining the Best Price, Terms & Conditions When Purchasing Oracle

**Challenge.** The deal on the table with Oracle was list-valued at \$250,000. Our client had already negotiated a very aggressive discount, and openly questioned the reason for involving Miro.



**Solution.** Miro completed a thorough -and confidential- licensing and compliance review, determining that to be within the terms of Oracle's compliance rules and regulations, the actual purchase needed to be approximately list-valued at \$175,000, instead of the Oracle-quoted price.



**Result.** Miro's client achieved an additional 30% 'discount' without having to further negotiate on price. "Who knew?" commented the Senior Executive in charge of the Oracle negotiation. "We honestly had little idea of the value our current Oracle assets held and how they could successfully be leveraged. This much is true: without Miro's help, we would never have known."



# How Do You Level the Playing Field?

Be Smart. Hire an experienced outside company to:

- Have a 'Friendly Audit' conducted on your Oracle licensing environment; find out what your compliance picture looks like.
  - Note: This is done independent of Oracle.



# How Do You Level the Playing Field?

- Be Smart. Hire an experienced outside company to:
  - Create a Cost Containment Strategy that will work for you.
  - Package and broker a procurement and/or a restructuring based upon their considerable experience, know-how and ability to finesse.



# Miro Deliverables

- Include (and are not limited to):
  - Point-in-Time absolutely confidential review of our clients' Oracle licensing environment
    - Review support renewal quotes for accuracy; and options for cost reduction
    - Review Client Agreement
      - Existing licenses
      - Potential new purchase(s)
  - Recommendation
    - True up or cost savings/cost avoidance
    - Pro and con of each option
  - Knowledge transfer of applicable Oracle rules



# Miro Deliverables

- Work with Oracle and client to:
  - Restructure existing licensing
  - Create new ordering document
  - Create new procurement custom agreement
  
- Advocate on our clients' behalf during a license audit from Oracle, if necessary
  
- Alert our clients' of Oracle licensing rule changes
  
- Unlimited Q & A on all Oracle licensing matters



# Miro's Performance Guarantee

- *Miro guarantees you will realize an overall cost savings and/or cost avoidance equal to or better than our net fees. If not, you will only pay Miro for the cost savings and/or cost avoidance it does achieve.*



# Free Resources

- Our Free Guide
  - Miro's Guide to Smarter Oracle Software Licensing can be found at <http://www.miroconsulting.com/resources-1.html>



# Miro: An Expert Source of Information for IT Asset Managers

- Charter member of IAITAM
- Forensic approach to license compliance
- Minimize your Total Cost of Oracle and Microsoft Ownership
- Give you the edge of a highly informed consumer when purchasing Oracle and Microsoft software.
  - Metrics
  - Contract restructuring and migration
  - Terms & Conditions



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# Thank You

- For more information, please visit:  
[www.miroconsulting.com](http://www.miroconsulting.com)



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